

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Financial Statement With Independent Auditors' Report

For the Year Ended June 30, 2014

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Financial Statement With Independent Auditors' Report
For the Year Ended June 30, 2014

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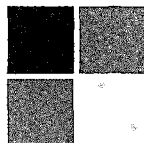
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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 315 Colby, Kansas
Colby, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 315 Colby, Kansas**, as of and for the year ended June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by **Unified School District No. 315 Colby, Kansas** to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than

accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 315 Colby, Kansas** as of June 30, 2014, or the changes in its financial position and cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Unified School District No. 315 Colby, Kansas** as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* as described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, summary of regulatory basis receipts and disbursements – agency funds, and schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated December 15, 2014. The 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statement. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, on our consideration of **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting and compliance.

(Adams, Brown, Beran & Ball, CHTD.)

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

December 15, 2014

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General Fund	\$ -	-	6,369,313	6,369,313	-	31,307	31,307
Supplemental General Fund	26,658	-	2,296,485	2,206,991	116,152	12,903	129,055
Special Purpose Funds							
Bilingual Education Fund	18,444	-	20,040	29,546	8,938	-	8,938
Capital Outlay Fund	82,019	-	499,803	481,426	100,396	15,607	116,003
Driver Education Fund	18,753	-	10,852	8,786	20,819	413	21,232
Food Service Fund	120,567	-	498,577	507,005	112,139	-	112,139
Professional Development Fund	102,562	-	20,836	75,044	48,354	2,865	51,219
Special Education Fund	426,091	-	1,239,734	1,411,677	254,148	5,255	259,403
Vocational Education Fund	121,966	-	325,868	335,332	112,502	573	113,075
KPERs Special Retirement Contribution Fund	-	-	499,549	499,549	-	-	-
Contingency Reserve Fund	553,703	-	-	95,566	458,137	18,034	476,171
At Risk (K-12) Fund	193,474	-	550,000	605,294	138,180	110	138,290
Textbook Rental Fund	22,794	-	39,848	62,565	77	410	487
Title I Low Income Fund	17,272	-	111,886	120,877	8,281	-	8,281
Title I - Migrant Fund	-	-	25,000	25,000	-	-	-
Title IIA Teacher Quality Fund	11,084	-	44,999	45,017	11,066	2,062	13,128
Career and Technical Education Grant Fund	-	-	22,462	22,462	-	1,323	1,323
21st Century Community Learning Center Fund	(1,026)	-	161,699	136,830	23,843	-	23,843
KS Safe Schools Grant Fund	500	-	500	1,000	-	-	-
Virtual Education Fund	6,050	-	22,260	9,202	19,108	-	19,108
District Activity Funds	165,817	-	242,202	235,338	172,681	-	172,681
Bond and Interest Fund							
Bond and Interest Fund	488,870	-	177,555	532,875	133,550	-	133,550
Business Fund							
District Insurance Pool Fund	915,160	-	1,601,194	1,763,167	753,187	-	753,187
Trust Fund							
Private Purpose Trust Fund	79,746	-	4,312	6,400	77,658	-	77,658
Total Reporting Entity (Excluding Agency Funds)	\$ 3,370,504	-	14,784,974	15,586,262	2,569,216	90,862	2,660,078
Composition of Cash							
Checking Accounts						\$	2,159,738
Savings Accounts							20,614
NOW Accounts							786
Certificates of Deposit							560,000
Petty Cash							1,500
Cash on Hand							200
Total Cash							2,742,838
Agency Funds per Schedule 3							(82,760)
Total Reporting Entity (Excluding Agency Funds)							\$ 2,660,078

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statement

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 315 Colby, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Financial Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. A related municipal entity is an entity established to benefit the District and/or its constituents. The District has no related municipal entities.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2014.

Regulatory Basis Fund Types

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Fund – fund financed in whole or in part by fees charged to users of the goods or services (enterprise and internal service funds).

Trust Fund – fund used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Fund – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statement

June 30, 2014

Basis of Accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the District for special purposes.

Reimbursements

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statement

June 30, 2014

NOTE 2 – BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were three budget amendments for this year for the General Fund, Bilingual Education Fund, and KPERS Special Retirement Contribution Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Contingency Reserve Fund, Textbook Rental Fund, Title I Low Income Fund, Title I – Migrant Fund, Title IIA Teacher Quality Fund, Career and Technical Education Grant Fund, 21st Century Community Learning Center Fund, KS Safe Schools Grant Fund, and District Activity Funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE 3 – DEPOSITS AND INVESTMENTS

Unified School District No. 315 Colby, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statement

June 30, 2014

located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2014.

At June 30, 2014, the District's carrying amount of deposits was \$2,742,838 and the bank balance was \$2,844,917. The bank balance was held by five banks resulting in a concentration of credit risk. Of the bank balance, \$917,643 was covered by federal depository insurance and \$1,927,274 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

NOTE 4 – IN-SUBSTANCE RECEIPT IN TRANSIT

Unified School District No. 315 Colby, Kansas received \$443,543 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 315 Colby, Kansas'** interfund transfers and regulatory authority for the year ended June 30, 2014 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 834,559
General Fund	Vocational Education Fund	K.S.A. 72-6428	325,317
General Fund	Bilingual Education Fund	K.S.A. 72-6428	20,000
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	550,000
General Fund	Virtual Education Fund	K.S.A. 72-6428	22,260
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	400,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	130,000
Supplemental General Fund	District Insurance Pool Fund	Per Board	322,840

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statement

June 30, 2014

NOTE 6 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorization	Expenditures To Date
Energy Conservation Facility Improvements	\$ 1,527,604	\$ 1,527,604

NOTE 7 – LITIGATION

Unified School District No. 315 Colby, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the District.

NOTE 8 – RISK MANAGEMENT

Unified School District No. 315 Colby, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, worker's compensation, employee theft, public officials and employment practices liability, umbrella, employee dishonesty, and prize reimbursement. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – GRANTS AND SHARED REVENUES

Unified School District No. 315 Colby, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 10 – DEFERRED COMPENSATION PLAN

Unified School District No. 315 Colby, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Employees working over 17 hours a week are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description

Unified School District No. 315 Colby, Kansas participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statement

June 30, 2014

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law established the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members through December 31, 2013. As of January 1, 2014, the member-employee contribution rate increased to 5% of covered salary for Tier 1 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **Unified School District No. 315 Colby, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

NOTE 13 – SELF INSURANCE PLANS

Health Care Coverage

During the year ended June 30, 2014, employees of **Unified School District No. 315 Colby, Kansas** were covered by the District's medical self-insurance plan (the "plan"). The District's plan is a paid contract with all unused reserved funds classified as unencumbered at the fiscal year end. The monthly premium contributed is approximately \$890 per family and \$395 per individual. The District contributes \$390 per month per participating employee, with the employee paying the difference through authorized payroll withholdings. Claims were paid by a third party administrator acting on behalf of the District. The administration contract between the District and the third party administration is renewable annually and administration fees are included in the contractual provisions. The District was protected against unanticipated catastrophic individual loss or aggregate loss by stop loss coverage carried through Blue Cross Blue Shield. Stop loss coverage was in effect for claims exceeding \$50,000 per individual and \$1,237,456 in the aggregate.

Self-Insurance Liability	Current Year Beginning of Fiscal Year Liability	Claims and Changes in Estimates
2014	\$ 116,591	1,601,581

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statement

June 30, 2014

	Claim Payment	Balance At Fiscal Year-End	Assets Available to Pay Claims at June 30
\$	1,304,081	414,091	753,187

NOTE 14 – EARLY RETIREMENT

Professional employees may retire from the District at the end of any contract year in which they meet the eligibility requirements. The requirements include the following: 1) the employee is currently a professional employee of the district, 2) the employee is not less than 55 years of age, or meets the KPERS provision for early retirement, and 3) the employee has at least 10 years of employment in the District immediately prior to the request for early retirement, and a majority of the 10 years of service have been full-time. Employees who are qualified are entitled to the following benefits: A) a monthly amount of \$150, which may only be applied toward health and accident coverage. This benefit will continue during the period when the employee is receiving early retirement benefits from the District. B) Additional coverage may be purchased for family members who qualify for such benefits. C) Payments shall be made beginning with the July payroll of the year the retiree is eligible to begin receiving benefits. The yearly benefit is computed by applying various percentages based on the year of retirement to the employee's highest salary as determined by KPERS. D) The maximum number of years a retiree can receive this benefit is 10. The benefits end in the contract year in which the retiree reaches 65 years of age, or on the death of the retiree, in which case the benefits will be pro-rated on a daily basis beginning with July 1 of the contract year in which the death occurs. During the year ended June 30, 2014, payments to early retirees totaled \$61,517, and the cost of insurance benefits for year ended June 30, 2014, totaled \$12,600.

NOTE 15 – COMPENSATED ABSENCES

Discretionary Leave

All licensed staff receive two days of discretionary leave per contract year. After receiving tenure with the District, three days of discretionary leave per year are available. After 10 years of full-time certified employment, 4 days of discretionary leave per year are available. Any unused discretionary leave is placed in the individual's sick leave at the end of the contract year.

Sick Leave

All staff working above 20 hours a week qualify for sick leave. Both licensed and 12 month classified staff receive 10 days sick leave per year, which is applicable to their own personal illness/injury, their children, spouse, parents, and accumulative to a maximum of 90 days; however, no teacher will begin a contract year with more than 80 days.

Licensed personnel with 20 years of service to USD 315 are compensated for 10 days of unused sick leave (if available) upon leaving the District. The rate of compensation is the current daily substitute rate (2013-14 \$90/day). The potential liability for sick leave at June 30, 2014 was \$10,800. This is not reflected in the financial statement.

A sick leave bank is available to licensed non-administrative personnel. Participation is voluntary, and staff is eligible to participate upon accumulation of one day of sick leave. Participation will commence upon the deposit of one day of sick leave to the sick leave bank, and annual deposits are made until five days have been deposited. The bank's capacity is 400 days, and deposits made in excess of the 400 days are forfeited. Staff members who have more than 70 days of sick leave accumulated at the end of the school year may donate up to three of their excess days to the bank. Participants may request days from the bank after exhausting their available sick leave and making a one day salary deduction.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statement

June 30, 2014

In addition, two days of emergency leave may be granted for emergencies at the discretion of the supervisor. Emergency leave is not cumulative. Three days of bereavement leave is available per occurrence for leave due to death of the staff member's immediate family (parent, grandparent, sibling, spouse, child, and grandchild). All clerical staff receive one day of discretionary leave per year.

NOTE 16 – LONG-TERM DEBT

Unified School District No. 315 Colby, Kansas has the following types of long-term debt.

General Obligation Bonds

On October 1, 2009, the District issued Series 2009 general obligation refunding bonds of \$2,010,000 to advance refund term bonds. The Series 2009 refunding bonds matured on September 1, 2013. The Series 2009 bonds were issued at a premium and, after paying issuance costs of \$18,163, the net proceeds were \$2,034,334. The net proceeds from the issuance of the general obligation bonds were used to refund \$2,010,000 in Series 1999A bonds. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's financial statements. As a result of the advance refunding, the economic gain to the District (difference between the present value of the debt service payments on the old and new debt) was \$94,085.

Lease Obligations

The District has entered into a lease agreement for equipment with an option to purchase at the expiration of the lease term. The lease contains a fiscal funding clause.

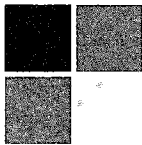
UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statement
June 30, 2014

Changes in long-term liabilities for the District for the year ended June 30, 2014, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2009 Refunding	2.50-3.00%	10/1/09	\$ 2,010,000	9/01/13	\$ 525,000	-	525,000	-	7,875
Capital Leases									
Energy Improvements		6/27/13	900,000	2/1/16	900,000		300,000	600,000	14,203
Total Contractual Indebtedness					\$ 1,425,000	-	825,000	600,000	22,078

Current maturities of long-term debt and interest for the next two years through maturity are as follows:

	YEAR		Total
	2015	2016	
Principal			
Capital Leases	\$ 300,000	300,000	600,000
Interest			
Capital Leases	14,203	14,203	28,406
Total Principal and Interest	\$ 314,203	314,203	628,406



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Unified School District No. 315 Colby, Kansas
Colby, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the Kansas Municipal Audit and Accounting Guide and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statement of **Unified School District No. 315 Colby, Kansas**, as of and for the year ended June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 15, 2014. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 315 Colby, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 315 Colby, Kansas'** internal control

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs (2014-001) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 315 Colby, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Unified School District No. 315 Colby, Kansas' Response to Findings

Unified School District No. 315 Colby, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Unified School District No. 315 Colby, Kansas'** response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

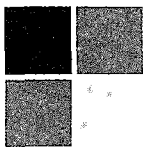
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adams, Brown, Beran & Ball, Chtd.

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

December 15, 2014



Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education
Unified School District No. 315 Colby, Kansas
Colby, Kansas

Report on Compliance for Each Major Federal Program

We have audited **Unified School District No. 315 Colby, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 315 Colby, Kansas'** major federal programs for the year ended June 30, 2014. **Unified School District No. 315 Colby, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Unified School District No. 315 Colby, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 315 Colby, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Unified School District No. 315 Colby, Kansas'** compliance.

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, **Unified School District No. 315 Colby, Kansas** did not comply with requirements regarding CFDA 10.553, 10.555, and 10.560 Child Nutrition Cluster as described in finding numbers 2014-002, 2014-003, and 2014-004 for reporting. Compliance with such requirement is necessary, in our opinion, for **Unified School District No. 315 Colby, Kansas** to comply with the requirements applicable to that program.

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, **Unified School District No. 315 Colby, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year end June 30, 2014.

Unmodified Opinion on Each of the Other Major Programs

In our opinion, **Unified School District No. 315 Colby, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs for the year end June 30, 2014.

Report on Internal Control Over Compliance

Management of **Unified School District No. 315 Colby, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Unified School District No. 315 Colby, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 315 Colby, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any

deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Adams, Brown, Beran & Ball, CHTD.

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

December 15, 2014

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Regulatory-Required Supplementary Information

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Summary of Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2014

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds						
General Funds						
General Fund	\$ 6,374,534	(70,235)	65,014	6,369,313	6,369,313	-
Supplemental General Fund	2,206,991	-		2,206,991	2,206,991	-
Special Purpose Funds						
Bilingual Education Fund	29,703	-	-	29,703	29,546	(157)
Capital Outlay Fund	608,203	-	-	608,203	481,426	(126,777)
Driver Education Fund	15,020	-	-	15,020	8,786	(6,234)
Food Service Fund	521,100	-	-	521,100	507,005	(14,095)
Professional Development Fund	91,741	-	-	91,741	75,044	(16,697)
Special Education Fund	1,500,559	-	-	1,500,559	1,411,677	(88,882)
Vocational Education Fund	396,909	-	-	396,909	335,332	(61,577)
KPERS Special Retirement Contribution Fund	499,578	-	-	499,578	499,549	(29)
At Risk (K-12) Fund	667,871	-	-	667,871	605,294	(62,577)
Virtual Education Fund	9,202	-	-	9,202	9,202	-
Bond and Interest Fund						
Bond and Interest Fund	532,975	-	-	532,975	532,875	(100)

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over Under
	Actual	Actual	Budget	(Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,223,170	1,312,562	1,253,201	59,361
Delinquent Tax	4,804	33,116	12,496	20,620
Mineral Severance Tax	-	3,175	-	3,175
In Lieu of Tax	-	11,479	-	11,479
Intergovernmental Revenues				
Equalization Aid	4,238,062	4,109,408	4,139,096	(29,688)
Special Education Aid	853,231	834,559	899,506	(64,947)
Other State Aid	-	640	-	640
Federal Aid- Medical Assistance Program	-	12,787	-	
Reimbursements	14,945	51,587	-	51,587
Transfers In	-	-	-	-
Total Receipts	6,334,212	6,369,313	6,304,299	52,227
Expenditures				
Instruction	2,345,549	2,612,269	2,481,458	130,811
Student Support Services	85,704	84,363	83,017	1,346
Instructional Support Services	215,940	277,252	238,455	38,797
General Administration	204,553	218,720	228,561	(9,841)
School Administration	438,132	444,288	498,271	(53,983)
Operations and Maintenance	418,325	550,008	589,158	(39,150)
Transportation	464,933	308,263	350,823	(42,560)
Other Supplemental Services	123,242	122,014	132,725	(10,711)
Transfers Out	2,037,834	1,752,136	1,772,066	(19,930)
Adjustment to Comply with Legal Max	-	-	(70,235)	70,235
Legal General Fund Budget	6,334,212	6,369,313	6,304,299	65,014
(a) Adjustment for Qualifying Budget Credits	-	-	65,014	(65,014)
Total Expenditures	6,334,212	6,369,313	6,369,313	-
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		
(a) Adjustment for Qualifying Budget Credits				
Reimbursed Expenses Over Amount Budgeted		\$	51,587	
State Aid Over Amount Budgeted			640	
Federal Aid Over Amount Budgeted			12,787	
Total		\$	65,014	

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,266,768	1,442,369	1,403,636	38,733
Delinquent Tax	6,177	38,214	13,323	24,891
Motor Vehicle Tax	182,136	198,924	155,235	43,689
Recreational Vehicle Tax	2,346	2,690	2,093	597
In Lieu of Tax	-	12,003	-	12,003
Excise Tax	269	411	-	411
Intergovernmental Revenues				
Equalization Aid	552,455	601,874	592,008	9,866
Total Receipts	<u>2,010,151</u>	<u>2,296,485</u>	<u>2,166,295</u>	<u>130,190</u>
Expenditures				
Instruction	508,823	503,035	510,422	(7,387)
Student Support Services	25,619	33,555	23,720	9,835
Instructional Support Services	279,615	208,219	290,601	(82,382)
General Administration	10,137	12,672	10,680	1,992
School Administration	67,786	74,538	73,941	597
Operations and Maintenance	621,480	482,585	702,873	(220,288)
Other Supplemental Services	28,928	39,547	31,302	8,245
Transfers Out	581,884	852,840	563,452	289,388
Total Expenditures	<u>2,124,272</u>	<u>2,206,991</u>	<u>2,206,991</u>	<u>-</u>
Receipts Over (Under) Expenditures	(114,121)	89,494		
Unencumbered Cash - Beginning	<u>140,779</u>	<u>26,658</u>		
Unencumbered Cash - Ending	\$ <u>26,658</u>	<u>116,152</u>		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Bilingual Education Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfers In	\$ 16,489	20,000	15,000	5,000
Miscellaneous Income	-	40	-	40
Total Receipts	16,489	20,040	15,000	5,040
Expenditures				
Instruction	16,386	29,546	29,703	(157)
Receipts Over (Under) Expenditures	103	(9,506)		
Unencumbered Cash - Beginning	18,341	18,444		
Unencumbered Cash - Ending	\$ 18,444	8,938		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Capital Outlay Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Ad Valorem Tax	\$ 124,592	476,116	466,697	9,419
Delinquent Tax	-	1,023	1,184	(161)
Motor Vehicle Tax	2,608	11,450	9,330	2,120
Recreational Vehicle Tax	30	151	126	25
In Lieu of Tax	-	1,072	-	1,072
Excise Tax	-	26	-	26
Interest on Idle Funds	4,439	1,792	4,000	(2,208)
Other Revenue From Local Sources	11,450	-	50,000	(50,000)
Reimbursements	15,183	8,173	-	8,173
Rent	9,000	-	-	-
Transfers In	151,731	-	-	-
Total Receipts	<u>319,033</u>	<u>499,803</u>	<u>531,337</u>	<u>(31,534)</u>
Expenditures				
Instruction	118,249	73,578	154,000	(80,422)
Support Services	-	28,920	60,000	(31,080)
Transportation	-	10,399	-	10,399
Operations and Maintenance	622,222	354,669	394,203	(39,534)
Site Improvement	16,092	13,860	-	13,860
Total Expenditures	<u>756,563</u>	<u>481,426</u>	<u>608,203</u>	<u>(126,777)</u>
Receipts Over (Under) Expenditures	(437,530)	18,377		
Unencumbered Cash - Beginning	<u>519,549</u>	<u>82,019</u>		
Unencumbered Cash - Ending	<u>\$ 82,019</u>	<u>100,396</u>		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Driver Education Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental Revenue				
State Aid	\$ 4,929	3,400	5,175	(1,775)
Fees	5,591	7,452	6,480	972
Total Receipts	10,520	10,852	11,655	(803)
Expenditures				
Instruction	7,597	8,143	12,530	(4,387)
Operations and Maintenance	830	643	2,490	(1,847)
Total Expenditures	8,427	8,786	15,020	(6,234)
Receipts Over (Under) Expenditures	2,093	2,066		
Unencumbered Cash - Beginning	16,660	18,753		
Unencumbered Cash - Ending	\$ 18,753	20,819		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Food Service Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental Revenues				
State Aid	\$ 4,711	4,345	4,308	37
Federal Aid	192,716	187,395	190,165	(2,770)
Charges for Services	185,095	176,837	175,810	1,027
Transfers In	63,331	130,000	47,498	82,502
Total Receipts	445,853	498,577	417,781	80,796
Expenditures				
Food Service Operation	444,922	507,005	521,100	(14,095)
Receipts Over (Under) Expenditures	931	(8,428)		
Unencumbered Cash - Beginning	119,636	120,567		
Unencumbered Cash - Ending	\$ 120,567	112,139		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Professional Development Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Receipts				
Federal Aid	-	1,850	-	1,850
State Aid	\$ 600	1,425	-	1,425
Miscellaneous Income	10,376	17,561	8,232	9,329
Transfers In	70,769	-	63,692	(63,692)
Total Receipts	81,745	20,836	71,924	(51,088)
Expenditures				
Instructional Support Services	83,104	74,155	91,741	(17,586)
Other Supplemental Services	378	889	-	889
Total Expenditures	83,482	75,044	91,741	(16,697)
Receipts Over (Under) Expenditures	(1,737)	(54,208)		
Unencumbered Cash - Beginning	104,299	102,562		
Unencumbered Cash - Ending	\$ 102,562	48,354		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Special Education Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Other Revenue From Local Sources	\$ 8,760	5,175	10,000	(4,825)
Reimbursements	427	-	-	-
Transfers In	1,312,357	1,234,559	1,351,828	(117,269)
Total Receipts	<u>1,321,544</u>	<u>1,239,734</u>	<u>1,361,828</u>	<u>(122,094)</u>
Expenditures				
Instruction	1,119,418	1,159,799	1,260,713	(100,914)
Student Support Services	149,218	165,982	155,456	10,526
Instructional Support Services	20,177	29,817	4,815	25,002
School Administration	12,358	28,525	32,796	(4,271)
Student Transportation Services	24,626	27,554	46,779	(19,225)
Total Expenditures	<u>1,325,797</u>	<u>1,411,677</u>	<u>1,500,559</u>	<u>(88,882)</u>
Receipts Over (Under) Expenditures	(4,253)	(171,943)		
Unencumbered Cash - Beginning	<u>430,344</u>	<u>426,091</u>		
Unencumbered Cash - Ending	<u>\$ 426,091</u>	<u>254,148</u>		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Vocational Education Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Receipts				
State Aid	\$ 1,197	551	1,350	(799)
Transfers In	366,000	325,317	334,000	(8,683)
Total Receipts	367,197	325,868	335,350	(9,482)
Expenditures				
Instruction	361,626	329,438	390,008	(60,570)
Operations and Maintenance	5,521	5,894	6,901	(1,007)
Total Expenditures	367,147	335,332	396,909	(61,577)
Receipts Over (Under) Expenditures	50	(9,464)		
Unencumbered Cash - Beginning	121,916	121,966		
Unencumbered Cash - Ending	\$ 121,966	112,502		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
KPERS Special Retirement Contribution Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental Revenue				
State Aid	\$ 411,378	499,549	499,578	(29)
Expenditures				
Instruction	259,169	314,716	313,098	1,618
Student Support	16,455	19,982	20,973	(991)
Instructional Support	24,683	29,973	30,483	(510)
General Administration	12,341	14,987	15,292	(305)
School Administration	20,569	24,977	25,854	(877)
Other Supplemental Services	4,114	4,995	4,981	14
Operations and Maintenance	32,910	39,964	39,917	47
Student Transportation Services	12,341	14,987	14,763	224
Food Service	28,796	34,968	34,217	751
Total Expenditures	411,378	499,549	499,578	(29)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Contingency Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ -	-
Expenditures		
Operations	-	95,566
Receipts Over (Under) Expenditures	-	(95,566)
Unencumbered Cash - Beginning	<u>553,703</u>	<u>553,703</u>
Unencumbered Cash - Ending	<u>\$ 553,703</u>	<u>458,137</u>

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
At-Risk (K-12) Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfers In	\$ 631,264	550,000	516,000	34,000
Expenditures				
Instruction	573,039	525,142	595,714	(70,572)
Student Support Services	58,155	80,152	72,157	7,995
Total Expenditures	631,194	605,294	667,871	(62,577)
Receipts Over (Under) Expenditures	70	(55,294)		
Unencumbered Cash - Beginning	193,404	193,474		
Unencumbered Cash - Ending	\$ 193,474	138,180		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Textbook Rental Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Book Rental Fees	\$ 42,348	39,848
Expenditures		
Instruction	26,326	62,565
Receipts Over (Under) Expenditures	16,022	(22,717)
Unencumbered Cash - Beginning	6,772	22,794
Unencumbered Cash - Ending	\$ 22,794	77

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Title I Low Income Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues	.	
Federal Aid	\$ 142,817	111,886
Expenditures		
Instruction	125,545	120,877
Receipts Over (Under) Expenditures	17,272	(8,991)
Unencumbered Cash - Beginning	-	17,272
Unencumbered Cash - Ending	\$ 17,272	8,281

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Title I - Migrant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	\$ -	25,000
Expenditures		
Instruction	-	10,860
Administration	-	14,140
Total Expenditures	-	25,000
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Title IIA Teacher Quality Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 58,126	44,999
Expenditures		
Instruction	46,426	45,017
Receipts Over (Under) Expenditures	11,700	(18)
Unencumbered Cash - Beginning	(616)	11,084
Unencumbered Cash - Ending	\$ 11,084	11,066

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Career and Technical Education Grant Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 25,608	22,462
Expenditures		
Curriculum Development	25,608	22,462
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
21st Century Community Learning Center Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 59,500	158,324
Student Fees	3,184	3,375
Total Receipts	62,684	161,699
Expenditures		
Instruction	63,710	136,830
Receipts Over (Under) Expenditures	(1,026)	24,869
Unencumbered Cash - Beginning	-	(1,026)
Unencumbered Cash - Ending	\$ (1,026)	23,843

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
KS Safe Schools Grant Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Grant Income	\$ 500	500
Expenditures		
Curriculum Development	-	1,000
Receipts Over (Under) Expenditures	500	(500)
Unencumbered Cash - Beginning	-	500
Unencumbered Cash - Ending	\$ 500	-

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Virtual Education Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfers In	\$ 7,777	22,260	7,500	14,760
Expenditures				
Instruction	5,248	9,202	9,202	-
Receipts Over (Under) Expenditures	2,529	13,058		
Unencumbered Cash - Beginning	3,521	6,050		
Unencumbered Cash - Ending	\$ 6,050	19,108		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Bond and Interest Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over Under
	Actual	Actual	Budget	(Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 374,110	12,720	22,297	(9,577)
Delinquent Tax	1,927	11,298	3,952	7,346
Motor Vehicle Tax	53,227	53,982	42,435	11,547
Recreational Vehicle Tax	689	726	572	154
In Lieu of Tax	-	2,798	-	2,798
Excise Tax	82	113	-	113
Intergovernmental Revenue				
State Aid	63,399	95,918	95,918	-
Total Receipts	<u>493,434</u>	<u>177,555</u>	<u>165,174</u>	<u>12,381</u>
Expenditures				
Principal	505,000	525,000	525,000	-
Interest	23,325	7,875	7,875	-
Commission and Postage	-	-	100	(100)
Total Expenditures	<u>528,325</u>	<u>532,875</u>	<u>532,975</u>	<u>(100)</u>
Receipts Over (Under) Expenditures	(34,891)	(355,320)		
Unencumbered Cash - Beginning	<u>523,761</u>	<u>488,870</u>		
Unencumbered Cash - Ending	\$ <u>488,870</u>	<u>133,550</u>		

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
District Insurance Pool Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenue		
Insurance Premiums	\$ 974,805	1,274,297
Interest on Idle Funds	5,887	4,037
Miscellaneous Income	14	20
Transfers In	-	322,840
Total Receipts	980,706	1,601,194
Expenditures		
Insurance Claims	1,372,471	1,763,167
Receipts Over (Under) Expenditures	(391,765)	(161,973)
Unencumbered Cash - Beginning	1,306,925	915,160
Unencumbered Cash - Ending	\$ 915,160	753,187

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Private Purpose Trust Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Memorials/Donations	\$ 22,571	4,045
Interest on Idle Funds	244	267
Total Receipts	22,815	4,312
Expenditures		
Scholarships	1,435	6,400
Receipts Over (Under) Expenditures	21,380	(2,088)
Unencumbered Cash - Beginning	58,366	79,746
Unencumbered Cash - Ending	\$ 79,746	77,658

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Agency Funds

Summary of Receipts and Disbursements

Regulatory Basis

For the Year Ended June 30, 2014

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
High School				
Band Club	\$ 423	8,054	3,471	5,006
CHS Singers	95	695	470	320
Cheerleader Club	5,093	13,065	15,835	2,323
Drill Team	1,941	5,920	5,799	2,062
Drama	3,831	6,229	5,870	4,190
Choir Club	1	312	299	14
Cosmic Crayon	596	115	227	484
FCCLA	741	-	-	741
FFA	9,639	14,905	20,029	4,515
Eagle Talon	4,284	2,725	1,770	5,239
Forensics	2,384	2,527	3,345	1,566
National Honor Society	1,717	1,535	1,532	1,720
Tech Lab	4,500	40	1,197	3,343
Service Club	469	1,183	1,162	490
International Club	713	-	-	713
Student Council	4,093	5,132	5,199	4,026
SADD	670	-	-	670
Class of 2007	29	-	29	-
Class of 2008	137	-	137	-
Class of 2009	795	-	795	-
Class of 2010	211	-	211	-
Class of 2011	965	-	965	-
Class of 2012	115	-	115	-
Class of 2013	111	-	111	-
Class of 2014	2,376	100	2,476	-
Class of 2015	525	14,492	13,115	1,902
Class of 2016	-	100	76	24
Class of 2017	-	100	45	55
Supporting Our Students	667	-	-	667
Scholars Bowl	463	578	482	559
Musical Festival	2,503	2,375	2,539	2,339
Teachers Lounge	-	-	773	-
Career Center Special	2,453	1,770	1,922	2,301
Student Welfare	79	-	79	-
Money Market Interest	13	78	-	91
Senior Video	396	300	-	696
C-Club	20	-	20	-
Total High School	\$ 53,048	82,330	90,095	46,056

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2014

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Middle School				
Activity Club	\$ 2,216	312	643	1,885
Cheerleaders	267	1,082	838	511
Kids in Charge	1,493	1,335	1,233	1,595
Business Partners	333	-	-	333
Alcohol/Drug Prevention	1,860	-	65	1,795
Technology Student Association	-	-	-	-
Band Club	6,703	3,199	2,551	7,351
Vocal Music Club	4,481	3,156	2,645	4,992
Scholars Bowl	1,892	1,790	1,237	2,445
CMS Office Miscellaneous Revenue	2,402	555	875	2,082
Thomas County Academy	630	-	630	-
Pop Fund	536	689	910	315
Total Middle School	<u>22,813</u>	<u>12,118</u>	<u>11,627</u>	<u>23,304</u>
High School Alumni Association	<u>3,289</u>	<u>12,582</u>	<u>2,471</u>	<u>13,400</u>
Total Agency Funds	<u>\$ 79,150</u>	<u>107,030</u>	<u>104,193</u>	<u>82,760</u>

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
District Activity Funds
 Schedule of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
High School							
Athletics	\$ 108,126	-	161,836	162,895	107,067	-	107,067
Concessions	8,204	-	22,805	23,287	7,722	-	7,722
Total High School	<u>116,330</u>	<u>-</u>	<u>184,641</u>	<u>186,182</u>	<u>114,789</u>	<u>-</u>	<u>114,789</u>
Middle School							
Athletics	28,531	-	17,011	21,770	23,772	-	23,772
Concessions	285	-	795	475	605	-	605
Total Middle School	<u>28,816</u>	<u>-</u>	<u>17,806</u>	<u>22,245</u>	<u>24,377</u>	<u>-</u>	<u>24,377</u>
Total Gate Receipts	<u>145,146</u>	<u>-</u>	<u>202,447</u>	<u>208,427</u>	<u>139,166</u>	<u>-</u>	<u>139,166</u>
School Projects							
High School							
Yearbook	7,332	-	15,349	10,443	12,238	-	12,238
Academic Contributions	1,102	-	581	864	819	-	819
Teachers Lounge	638	-	1,152	215	1,575	-	1,575
Memorials	71	-	-	-	71	-	71
Total High School	<u>9,143</u>	<u>-</u>	<u>17,082</u>	<u>11,522</u>	<u>14,703</u>	<u>-</u>	<u>14,703</u>
Middle School							
Industrial Arts	20	-	11	-	31	-	31
Yearbook	2,496	-	1,057	1,919	1,634	-	1,634
Food For Kids	245	-	1,130	869	506	-	506
Total Middle School	<u>2,761</u>	<u>-</u>	<u>2,198</u>	<u>2,788</u>	<u>2,171</u>	<u>-</u>	<u>2,171</u>
Grade School							
General - School	786	-	3,182	2,070	1,898	-	1,898
Guided Reading Program	83	-	-	83	-	-	-
Art	45	-	459	503	1	-	1
Library	1,521	-	6,369	6,287	1,603	-	1,603
Supplemental Materials/Books	6	-	163	46	123	-	123
Playground Equipment Fundraiser	1,124	-	2,908	-	4,032	-	4,032
Music	1,046	-	215	729	532	-	532
Post Office	57	-	-	-	57	-	57
Teacher/Staff Special Occasions	147	-	601	493	255	-	255
Teachers PTO Grant	2,877	-	4,393	454	6,816	-	6,816
Teacher Vending	1,075	-	2,185	1,936	1,324	-	1,324
Total Grade School	<u>8,767</u>	<u>-</u>	<u>20,475</u>	<u>12,601</u>	<u>16,641</u>	<u>-</u>	<u>16,641</u>
Total School Projects	<u>20,671</u>	<u>-</u>	<u>39,755</u>	<u>26,911</u>	<u>33,515</u>	<u>-</u>	<u>33,515</u>
Total District Activity Funds	<u>\$ 165,817</u>	<u>-</u>	<u>242,202</u>	<u>235,338</u>	<u>172,681</u>	<u>-</u>	<u>172,681</u>

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unqualified

Internal control over financial reporting

- | | | | | |
|---|-------------------|-----|-------------------|---------------|
| • Material weakness identified? | <u> X </u> | Yes | <u> </u> | No |
| • Significant deficiency identified? | <u> </u> | Yes | <u> X </u> | None reported |
| • Noncompliance material to financial statements noted? | <u> </u> | Yes | <u> X </u> | No |

FEDERAL AWARDS

Internal control over major programs:

- | | | | |
|--------------------------------------|--------------|-----|-------------------|
| • Material weaknesses identified? | <u> X </u> | Yes | <u> </u> |
| • Significant deficiency identified? | <u> X </u> | Yes | <u> </u> |

Type of auditors' report issued on compliance for major programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

<u> X </u>	Yes	<u> </u>	No
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

<u> </u>	Yes	<u> X </u>	No
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UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weakness in Internal Control

2014-001

Criteria or specific requirement

Internal controls should be in place to ensure only the board member has access to her signature stamp and issued checks go through the expenditure approval process.

Condition

Board member's signature is being stamped on checks by a District employee.

Context

During walkthroughs we identified a check that did not have the signature of the board president.

Effect

Checks may be issued that do not have board approval.

Cause

Board President is not retaining possession of her signature stamp.

Recommendation

We recommend that the Board President has possession of her signature stamp and actually signs or stamps the checks herself.

Views of responsible officials and planned corrective actions

The District agrees that the signature stamp of the Board President should be retained by only the Board President herself.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Material Weaknesses in Internal Control

2014-002

Information on the federal program

CFDA 10.553, 10.555, Child Nutrition Cluster, U.S. Department of Agriculture, passed through Kansas State Department of Education

Criteria or specific requirement

Internal control should be in place where the District Board Clerk reviews all food service financial reports before they are submitted to the state by the Food Service Director.

Condition

The District's monthly and annual financial reports were not being reviewed by anyone; therefore, the annual report was filed with the state materially incorrect.

Context

We compared the annual report filed with Kansas State Department of Education stating yearly expenditures, revenue, and ending unencumbered cash balance and compared it to the general ledger numbers received from the District. We determined that in all respects numbers filed with Kansas State

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Department of Education did not match the general ledger. The ending unencumbered cash balance was off by \$42,103.85.

Effect

Due to the lack of a review process, these reports were filed with the State and the District was not aware they were filed incorrectly.

Cause

No review process was in place to verify these reports were being filed correctly.

Recommendation

A process should be implemented where the Board Clerk is reviewing all reports filed with Kansas State Department of Education before the Food Service Director submits the report to ensure accuracy and completeness.

Views of responsible officials and planned corrective actions

The District is aware that this report was filed incorrectly and will implement a review process going forward to ensure accurate reports are being submitted.

2014-003

Information on the federal program

CFDA 10.553, 10.555, Child Nutrition Cluster, U.S. Department of Agriculture, passed through Kansas State Department of Education

Criteria or specific requirement

Internal control should be in place where the District's Food Service Director is completing required reviews by KSDE, such as on-site accountability reviews of all food service sites once a year.

Condition

The Food Service Director did not complete these on-site accountability reviews for the food service sites for the 2013-2014 school year.

Context

We asked the District's Food Service Director to provide completed on-site accountability reports for review. On-site accountability reviews were not completed; therefore, there were no reports for us to review.

Effect

Due to the Food Service Director not understanding all the reporting requirements, these on-site accountability reviews were never completed.

Cause

No on-site accountability review was able to be reviewed by the us for proof of completion.

Recommendation

We recommend the Food Service Director reviews reporting and compliance requirements with the Kansas Department of Education to ensure all requirements are being completed.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

2014-003 (continued)

Views of responsible officials and planned corrective actions.

The District is aware that these on-site accountability reviews should have been completed. The Food Service Director is going to review all requirements on the State website to ensure she is completing everything required going forward.

B. Significant Deficiency in Internal Control

2014-004

Information on the federal program

CFDA 10.553, 10.555, Child Nutrition Cluster, U.S. Department of Agriculture, passed through Kansas State Department of Education

Criteria or specific requirement

The District should be using edit checks as intended by Kansas State Department of Education to ensure meal reimbursements requests are not being overstated.

Condition

The District was not performing the edit check function on meal count forms to ensure reimbursement amounts were not being overstated.

Context

We reviewed four months of meal count reimbursement forms. We noted multiple instances where an edit check had been exceeded and this was not documented as a reason or proof of review for exceeded edit checks. There was also one instance where the District had one more reduced meal for the day than approved applicants for reduced lunches for that month.

Effect

The District could be overstating meal reimbursement claims because this control has failed. If edit checks were being used properly meals being overstated on the reimbursement claim could have been caught.

Cause

The District is not using edit checks for the intended purpose by Kansas State Department of Education.

Recommendation

Edit checks are a control implemented by KSDE in order to help the District identify dates when a meal reimbursement request may be overstated. It is important that the District use this control measure, investigate the reason why the edit check was exceeded, and document the reason why the meal count was high on that date. The edit check control will help the District report accurate meal counts to KSDE. Consistent inaccurate or overstated meal counts reported to KSDE could impact the District's funding for free and reduced meals.

Views of responsible officials and planned corrective actions

The District is aware that edit checks were not being used properly. The Food Service Director will review edit check requirements per the Kansas State Department of Education website and ensure they are being correctly implemented going forward.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2014

No material findings or questioned costs for the year ended June 30, 2013 are required to be disclosed under OMB Circular A-133.

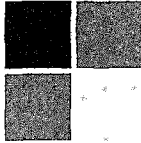
UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Kansas State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 19,954
National School Lunch Program	10.555	N/A	167,191
Total Child Nutrition Cluster			187,145
State Administrative Expenses for Child Nutrition	10.560	N/A	250
Total U.S. Department of Agriculture			187,395
U.S. Department of Education			
Passed Through Kansas State Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	N/A	120,877
Title II - Improving Teacher Quality			
Title II - Improving Teacher Quality State Grants	84.367	N/A	47,406
Migrant Education-State Grant Program	84.011	N/A	25,000
Twenty-First Century Community Learning Centers	84.287	N/A	136,830
Career and Technical Education- Basic Grants to States	84.048	N/A	22,462
Total U.S. Department of Education			352,575
U.S. Department of Health and Human Services			
Passed Through Kansas State Department of Education			
Medical Assistance Program	93.778	N/A	12,787
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent The Spread of HIV and Other Important Health Problems	93.938	N/A	100
Total U.S. Department of Health and Human Services			12,887
Total Expenditures of Federal Awards			\$ 552,857

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 315 Colby, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Certified
Public
Accountants

December 15, 2014

To the Board of Education
Unified School District No. 315 Colby, Kansas
Colby, Kansas

Governance Letter

We have audited the financial statement of **Unified School District No. 315 Colby, Kansas** for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Unified School District No. 315 Colby, Kansas** are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Unified School District No. 315 Colby, Kansas

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December 15, 2014

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statement or a determination of the type of auditors' opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statement, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statement itself.

Audit Recommendations

We wish to communicate to the governing body recommendations that we discussed with management to improve operational or administrative efficiencies and for improving internal control.

- We recommend the District does a June 30 payroll to pay for the hours worked prior to year end by non-contract staff. If a June 30 payroll is not done, the District will need to accrue the amount of payroll expense worked prior to year-end to show the expense in the correct year. This will ensure that the District's financials show accurate numbers for the fiscal year.
- We recommend that the District reconcile the payroll 941 forms to the general ledger. During our audit procedures we have noted there are variances between the payroll reconciliation and the general ledger that are due to payroll allocations that are only done on the general ledger side. By reconciling between the 941s and the general ledger, this will ensure that there are no variances between the two reports.
- We noted that the following activity fund accounts had no activity last year. We recommend the purpose and future need for the funds be reviewed. Funds that no longer have a purpose should be spent or consolidated with a fund of similar purpose.
 - High School: FCCLA, International Club, SADD, Supporting our Students, and Memorials
 - Middle School: Business Partners
 - Grade School: Post Office

Unified School District No. 315 Colby, Kansas

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December 15, 2014

- We recommend that the board review credit card limits annually to ensure the limits are appropriate.
- We recommend time and effort forms for the Title I program are completed for each payroll period and signed off on by the employee and supervisor when work is completed. These forms then need to be turned in and compared to the general ledger as to what funds the employee is being paid out of to ensure transparency.
- The District's cash balances decreased \$801,288 from June 30, 2013 to June 30, 2014. A large portion of this was a large transfer of \$322,840 from the Supplemental General Fund to support the increased expenditures out of the District Insurance Pool Fund. The Special Education Fund, in turn, did not receive the transfer to keep cash at the 2013 level. It is extremely important that the District evaluate its situation and decrease expenditures. It also may be necessary to increase fees.

We will review the status of these items during our next audit engagement. We have already discussed many of these items and suggestions with the appropriate personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the use of the Board of Education and management of **Unified School District No. 315 Colby, Kansas** and is not intended to be, and should not be, used by anyone other than these specified parties.

Adams, Brown, Beran & Ball, CHTD.

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants